

September 7, 2023

To All Concerned Parties

Name of REIT Issuer:
Nippon Building Fund, Inc.
Koichi Nishiyama, Executive Director
(TSE Code : 8951)

Contact:
Asset Management Company
Nippon Building Fund Management, Ltd.
Eiichiro Onozawa, President and CEO
Person to Contact:
Yukio Handa, General Manager
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Notice of Acquisition of Domestic Assets
(Nishi-Shinjuku Mitsui Bldg.: Additional Acquisition)

Nippon Building Fund Management, Ltd. ("NBFM"), to which Nippon Building Fund, Inc. ("NBF") entrusts asset management services, hereby provides notice of its decision on September 7, 2023 to acquire assets as follows:

Description

1. Outline of the Acquisition

Name of Assets	Nishi-Shinjuku Mitsui Bldg. (Additional Acquisition) *The entire Nishi-Shinjuku Mitsui Bldg. shall be referred to as "the Property," the portion to be acquired shall be referred to as "the Additionally Acquired Portion of the Property" and the portion already owned by NBF shall be referred to as "the Existing Interests" hereinafter.
Acquisition Price	¥121,164,000 (Miscellaneous acquisition costs, adjusted amount of fixed assets tax and city-planning tax, etc. as well as consumption tax, etc. are excluded.)
Seller	Individual (Please refer to Section 4 hereinbelow for the outline of the seller of the Acquisition.)
Intermediary	None
Date of Contract	September 7, 2023
Date of Transfer	September 7, 2023
Acquisition Funds	Own funds
Method of Settlement	Lump-sum payment at the time of delivery

2. Reason for Acquisition

The acquisition is being undertaken with the intention of enhancing NBF's portfolio in the 23 wards of Tokyo in accordance with the asset management objectives and policies set forth in NBF's Articles of Incorporation.

(1) Expansion of market share

NBF has already owned the equivalent of approximately 86.62% of the Property and has steadily achieved performance results. (The Additionally Acquired Portion of the Property represents approximately 0.54% of the Property, resulting in total ownership by NBF of approximately 87.16% (each figure represents a proportion of the total exclusively owned area of the Property).)

NBFM considers this acquisition to be in line with NBF's policy of increasing the asset value and liquidity of the Property.

(2) Location, building facilities, etc.

The property is conveniently located with access to multiple train lines, including "Nishi-Shinjuku" station on the Tokyo Metro Marunouchi Line and "Tocho-Mae" station on the Toei Oedo Line. In addition, the property has a standard rental floor area of approximately 477 tsubo (1,576.22 m²), a ceiling height of 2,660mm, and an OA floor of 100mm, etc., making it sufficiently competitive compared to competing properties in the surrounding area.

3. Outline of Assets

Name of Assets	Nishi-Shinjuku Mitsui Bldg. (Additional Acquisition)
Type of Specified Assets	Real Property
Type of Ownership	The Property is a building owned in the form of condominium interests which is a part of a complex including the adjacent Nishi-Shinjuku Parkside Tower ("residential building"). Land: Ownership (*1) Building: Co-ownership interests (approximately 0.54% of the proportion of the total exclusively owned area of the office building. Approximately 87.16% when including the Existing Interests (approximately 86.62%)) in the Co-owner partnership Portion (see Other Special Matters (1)). (*2)
Location	(Description in Real Property Registry) Land: 24-1, Nishi-Shinjuku 6-chome, Shinjuku-ku, Tokyo Building: 24-1, Nishi-Shinjuku 6-chome, Shinjuku-ku, Tokyo (Street Address) 24-1, Nishi-Shinjuku 6-chome, Shinjuku-ku, Tokyo
Use (Description in Real Property Registry)	Offices (the Additionally Acquired Portion of the Property)
Area (Description in Real Property Registry)	Land: Site area 10,014.02m² (entire site, including the Property and residential building) Building: Gross floor area 84,634.02m² (entire building, including the Property, residential building and common area)

Structure (Description in Real Property Registry)	Steel frame and steel framed reinforced concrete structure, flat roof, 27 floors above ground and 2 floors below ground (entire building including residential building and common areas)
Completion of Construction (Description in Real Property Registry)	April 28, 1999
Matters Related to Earthquake Resistance	Earthquake PML 1.9% (obtained from the building condition investigation report prepared by Engineering & Risk Services Corporation)
Existence of Secured Interests	None
Appraisal Value (Date of Valuation)	¥228,000,000 (July 31, 2023)
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
Description of Tenants	- The Co-owner partnership Portion including the Additionally Acquired Portion of the Property has been leased in its entirety by the Nishi-Shinjuku 6-chome Co-owner partnership to Mitsui Fudosan Co., Ltd. ("Mitsui Fudosan") which is the sole tenant of the Additionally Acquired Portion of the Property. Mitsui Fudosan Co., Ltd. sub- leases the same to its sub-lessees. - In addition, the Additionally Acquired Portion of the Property is subject to unitary management (see Other Special Matters (2)) and tenancy situation of the portion subject to unitary management as of July 31, 2023 is as follows.
Total number of end tenants	42 (*3)
Total rental revenues	Approx. ¥14,567 thousand / year (Rental revenues received by NBF from Mitsui Fudosan Co., Ltd.) (*4)
Lease deposit	Approx. ¥16,027 thousand (*4)
Total rentable area	Approx. 212.06 m ² (The entire unitary managed area of 36,702.02 m ² x 0.58% (proportion of NBF's operating rights)) (*4)
Total rented area	Approx. 201.51 m ² (The entire unitary managed area of 34,875.95 m ² x 0.58% (proportion of NBF's operating rights)) (*4)
Occupancy Rate	95.02% (*3)



Other Special Matters	(1) Co-owner partnership Portion The portion from the 21st through 25th floors of the Property owned in the form of condominium interests is managed by the Nishi-Shinjuku 6-chome Co-owner partnership (operated by Mitsui Fudosan Co., Ltd.). The Additionally Acquired Portion of the Property represents co-ownership interests in the Co-owner partnership Portion and its portion is approximately 2.60%. (2) Unitary Management The 3rd through 25th floors of the property are the “Unitary Management Portion” subject to a “Memorandum for Unitary Management” conducted between each of the sectional owners and Mitsui Fudosan, and rental revenues from and rental costs for the Unitary Management Portion are received and borne by the sectional owners according to the ratio of rights in such unitary management, regardless of their area of ownership. The proportion of centrally managed rights for the additionally acquired portion of the property is approximately 0.58%.
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- *1 The asset to be acquired accounts for approx. 0.50% of the site rights a 6-24-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo. (Approximately 78.52% together with the current interest in the property (approx. 78.02%))
- *2 The asset to be acquired includes approximately 0.54% co-ownership interest in the common area pertaining to the building (including ancillary facilities, etc.) associated with the Property and an approximately 0.48% co-ownership interest in the common areas (including ancillary facilities, etc.) associated with the Property and the residential tower.
- *3 The total number and occupancy rate of end tenants are the total number and occupancy rate of tenants occupying the common association section and the centrally operated section other than the common association section.
- *4 Total rental revenues, lease deposit, total rentable area and total rented area were calculated based on the rent roll (as of July 31, 2023), according to the ratio of rights in unitary management of the Additionally Acquired Portion of the Property and differ from the amount NBF receives and the area NBF rents after delivery of the property. Amounts are rounded down to the nearest thousand yen.

4. Outline of the Seller

Details of the seller are not disclosed since the seller is an individual and consent for disclosure was not obtained. There is no capital, personal, or business relationship to be noted between the seller (including close relatives, companies, etc. majority-owned by such individuals and their close relatives, and their subsidiaries) and NBF or NBFM.

5. Status of Owners etc. of the Property

The acquisition is not from a party which falls under the category of any specially interested party of NBF or NBFM.



6. Forecasts of Operating Results for the Periods ending December 31, 2023 and June 30, 2024
There will be no change to the forecasts of operating results for the period ending December 31, 2023 and June 30, 2024 as this acquisition will have little impact upon the management situation of NBF during such period.

Forecasts of current period performance (as announced on August 15, 2023) and actual results for the previous period

	Operating revenues	Operating income	Income before income taxes	Net income	Distribution per unit (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit
	Yen in millions	Yen in millions	Yen in millions	Yen in millions	Yen	Yen
1H 2023 (43rd period) - Actual	47,030	20,640	19,336	19,335	11,500	-
2H 2023 (44th period) - Forecast	45,497	18,754	17,452	17,452	11,500	-
1H 2024 (45th period) - Forecast	46,826	20,517	19,165	19,165	11,500	-

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7. Summary of Appraisal Reports

Property Name	Nishi-Shinjuku Mitsui Bldg. (Additional Acquisition)
Appraisal Value	¥228,000 thousand
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
Date of Valuation	July 31, 2023

Item	Breakdown (in thousands of yen)	Remarks
Appraisal value based on income method	228,000	Estimated by combining the appraisal values under the DCF method and the direct capitalization method
Appraisal value based on direct capitalization method	234,000	
(1) Operating Revenue ((i) - (ii))	17,469	
(i) Effective gross income	18,000	Estimated based on income consisting of rents, common service fee income, etc. which are deemed stable on a mid- and-long-term basis
(ii) Losses from vacancy, etc.	531	Estimated based on a vacancy rate which is deemed stable on a mid- and-long-term basis
(2) Operating Expenses	5,773	
Building Maintenance Costs/ Property Management Fees (Note)	3,556	Estimated based on the actual and estimated amount of payment management fees obtained from the client and the current property management fee rate
Utilities Expenses	0	Not recorded as being settled between lessee and sublessee
Repair Expenses	94	The portion equivalent to repair expenses in the common association reserve fund based on actual and estimated amounts, etc. obtained from the client
Leasing Expenses, etc.	143	Estimated based on the assumed turnover rate and the level of leasing expenses for similar real properties
Taxes & Public Duties	1,973	Estimated based on actual taxes in fiscal 2023
Insurance Premiums	7	Estimated based on the actual amount, etc.
Other Expenses	0	None
(3) Net Operating Income ((1)-(2))	11,695	
(4) Investment Income from Temporary Deposits	2	Estimated applying investment return of 1.0%
(5) Capital Expenditure	1,627	The portion equivalent to the renewal cost of the common association reserve fund and the overall management association reserve fund, based on actual and estimated amounts, etc. obtained from the client
(6) Net Income ((3)+(4)-(5))	10,070	
(7) Capitalization Rate	4.3%	Estimated taking into consideration examples of transactions for similar real properties, as well as conditions e.g. location, improvements, rights, contractual terms etc. of the Property
Appraisal value based on DCF method	225,000	
Discount Rate	4.0%	Estimated based on comparison with examples of transactions for similar real properties as well as returns on financial assets adjusted by individual characteristics of the Property
Terminal Capitalization Rate	4.5%	Estimated taking into consideration the characteristics of net income adopted in determining the capitalization rate as well as future uncertainty, liquidity and marketability etc.
Integrated value based on cost method	254,000	
Proportion of land	85.9%	
Proportion of building	14.1%	

*Amounts less than one thousand yen are rounded to the nearest thousand.

Matters specifically considered in adjustment of estimated amounts and determination of appraisal value	None
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(Note) The maintenance fees and PM fees for the part of the property in relation to the additional acquisition are combined, as the disclosure of each fee on a separate basis may impact the businesses of the anticipated providers of building management and PM operations, as well as impair efficient outsourcing by NBF and harm the interests of unitholders.

End



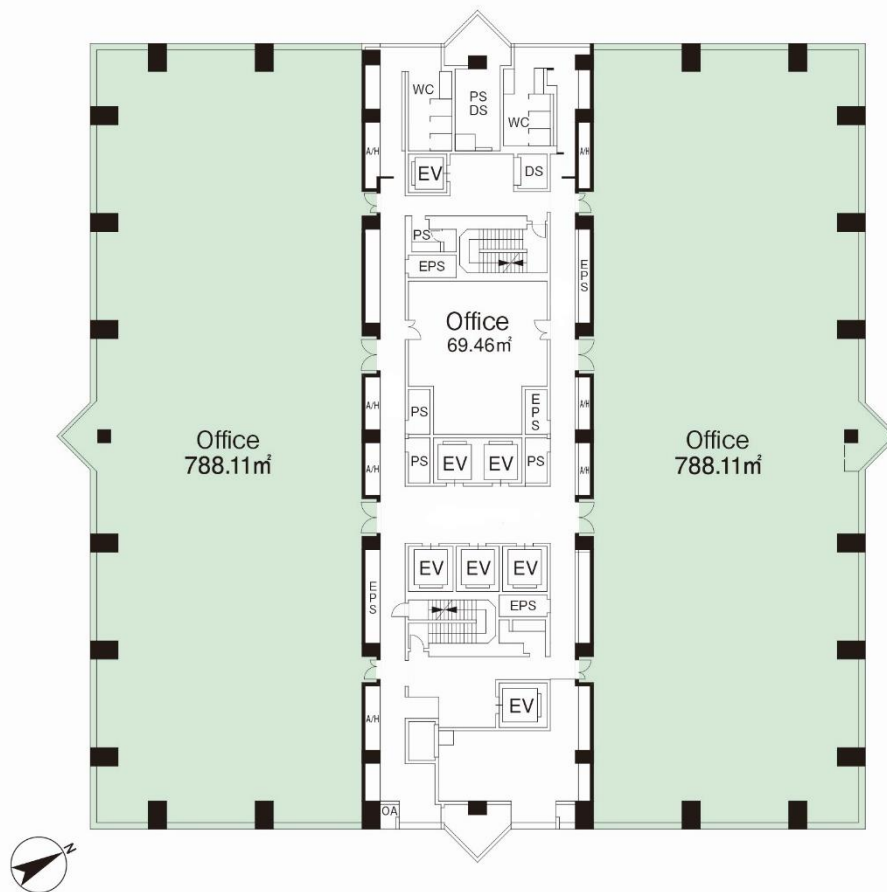
<Attached Materials>

- 【Reference Material 1】 Exterior Appearance of the Property
- 【Reference Material 2】 Standard Floor Plan of the Property
- 【Reference Material 3】 Cross-sectional Drawing of the Property
- 【Reference Material 4】 Summary of Portfolio after the Additionally Acquisition

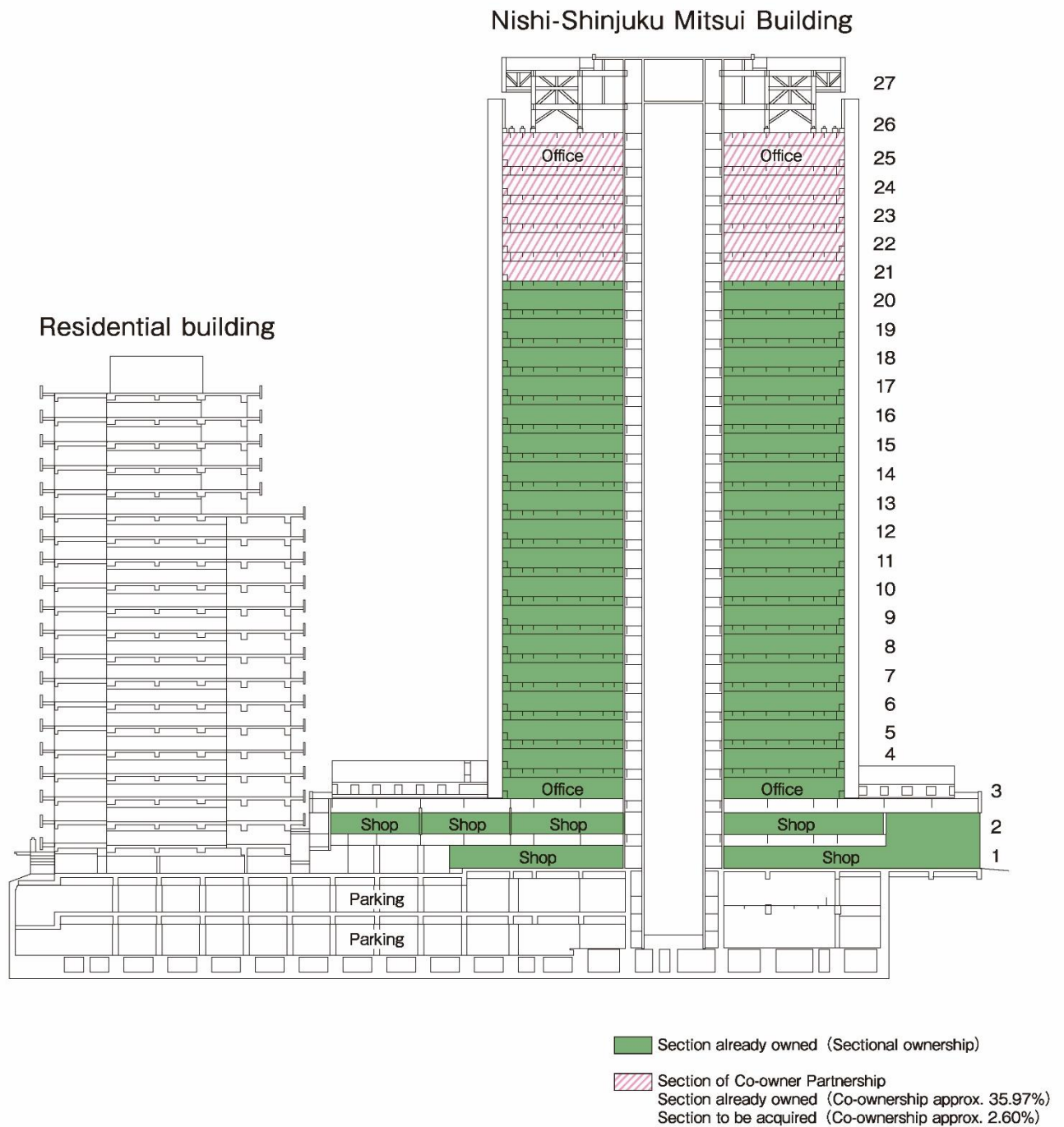
【Reference Material 1】 Exterior Appearance of the Property



【Reference Material 2】 Standard Floor Plan of the Property



【Reference Material 3】 Cross-sectional Drawing of the Property




【Reference Material 4】 Summary of Portfolio after the Additionally Acquisition

Area	Property Name	Acquisition Price (\ in thousands) (Note 1)	Percentage	Percentage of each area	Value (Real Estate Appraisal Value) (\ in thousands) (Note 2)
Central 5 Wards	Shinjuku Mitsui Bldg.	170,000,000	11.6%	59.8%	180,000,000
	IIDABASHI GRAND BLOOM	138,909,102	9.5%		154,000,000
	Roppongi T-CUBE	62,800,000	4.3%		62,700,000
	GranTokyo South Tower	47,000,000	3.2%		48,700,000
	Nishi-Shinjuku Mitsui Bldg.	45,271,040	3.1%		45,600,000
	Nishi-Shinjuku Mitsui Bldg.(Additional Acquisition)(Note 3)	121,164	0.0%		228,000
	Celestine Shiba Mitsui Bldg.	42,000,000	2.9%		47,000,000
	NBF Shinagawa Tower	36,300,000	2.5%		49,000,000
	Shiba NBF Tower	32,000,000	2.2%		29,300,000
	NBF Platinum Tower	31,000,000	2.1%		64,600,000
	NBF COMODIO Shiodome	28,800,000	2.0%		36,600,000
	G-BASE TAMACHI	28,200,000	1.9%		29,500,000
	Toranomon Kotohira Tower	24,543,000	1.7%		35,900,000
	NBF Shibuya Garden Front	20,269,000	1.4%		34,500,000
	NBF Ginza Street Bldg.	17,000,000	1.2%		18,600,000
	Shinjuku Mitsui Bldg. No.2	16,285,400	1.1%		20,800,000
	Kowa Nishi-Shinbashi Bldg. B	13,473,200	0.9%		14,400,000
	River City M-SQUARE	13,350,000	0.9%		13,700,000
	NBF Toranomon Bldg.	13,337,000	0.9%		17,900,000
	Shinbashi M-SQUARE	11,900,000	0.8%		14,100,000
	NBF ALLIANCE	9,126,000	0.6%		13,600,000
	Yotsuya Medical Bldg.	8,800,000	0.6%		7,990,000
	NBF Shibuya East	8,000,000	0.5%		9,990,000
	NBF Shibakouen Bldg.	6,770,000	0.5%		8,450,000
	NBF Takanawa Bldg.	6,667,200	0.5%		7,780,000
	NBF Akasaka Sanno Square	6,250,000	0.4%		7,490,000
	NBF Kandasudacho Bldg.	5,960,000	0.4%		8,670,000
	NBF Ogawamachi Bldg.	5,420,000	0.4%		6,890,000
	Sumitomo Densetsu Bldg.	5,365,000	0.4%		5,350,000
	NBF Higashi-Ginza Square	5,200,000	0.4%		8,360,000
	Nihonbashi Kabuto-cho M-SQUARE	4,850,000	0.3%		5,540,000
	NBF Hatchobori Terrace	4,528,349	0.3%		5,510,000
	Ryukakusan Bldg.	4,050,000	0.3%		4,920,000
	Jingumae M-SQUARE	3,700,000	0.3%		5,050,000
23 Wards of Tokyo	NBF Osaki Bldg.	66,660,000	4.5%	83.9%	86,100,000
	Gate City Ohsaki	57,281,060	3.9%		71,700,000
	Toyosu Bayside Cross Tower	36,300,000	2.5%		37,000,000
	NBF Toyosu Canal Front	35,200,000	2.4%		38,600,000
	Ueno East Tower	35,000,000	2.4%		39,400,000
	NBF Toyosu Garden Front	25,018,000	1.7%		29,700,000
	Osaki Bright Core - Bright Plaza	24,380,000	1.7%		25,600,000
	Nakameguro GT Tower	23,856,000	1.6%		20,700,000
	OSAKI BRIGHT TOWER	13,970,000	1.0%		14,600,000
	NBF Ueno Bldg.	10,400,000	0.7%		9,840,000
	NBF Ikebukuro East	8,630,000	0.6%		13,600,000
	Higashi Gotanda Square	8,350,000	0.6%		8,850,000
	NBF Ikebukuro Tower	4,695,000	0.3%		5,760,000
	NBF Ikebukuro City Bldg.	4,428,000	0.3%		5,750,000



Area	Property Name	Acquisition Price (\ in thousands) (Note 1)	Percentage	Percentage of each area	Value (Real Estate Appraisal Value) (\ in thousands) (Note 2)
Other Greater Tokyo	Chofu South Gate Bldg.	9,320,000	0.6%	4.1%	9,860,000
	Yokohama ST Bldg.	16,749,300	1.1%		22,200,000
	Parale Mitsui Bldg.	3,800,000	0.3%		4,870,000
	Tsukuba Mitsui Bldg.	8,875,500	0.6%		8,870,000
	S-ino Omiya North Wing	16,816,345	1.1%		24,300,000
	NBF Urawa Bldg.	2,000,000	0.1%		2,120,000
	NBF Matsudo Bldg.	2,455,000	0.2%		2,500,000
Other Cities	Sapporo L-Plaza	4,404,405	0.3%	12.0%	8,420,000
	NBF Sapporo Minami Nijo Bldg.	1,870,300	0.1%		1,600,000
	Sumitomo Mitsui Banking Nagoya Bldg.	14,900,000	1.0%		16,800,000
	Nagoya Mitsui New Bldg.	13,200,000	0.9%		14,200,000
	Nagoya Mitsui Main Bldg.	13,050,000	0.9%		14,100,000
	NBF Nagoya Hirokoji Bldg.	7,232,000	0.5%		6,750,000
	Nakanoshima Mitsui Bldg.	44,000,000	3.0%		47,600,000
	Aqua Dojima NBF Tower	17,810,000	1.2%		20,500,000
	Nakanoshima Central Tower	14,900,000	1.0%		19,100,000
	Shinanobashi Mitsui Bldg.	14,400,000	1.0%		13,800,000
	Sakaisuji-Honmachi Center Bldg.	12,700,000	0.9%		14,900,000
	Hiroshima Fukuromachi Bldg.	2,215,000	0.2%		2,350,000
	NBF Matsuyama Nichigin-mae Bldg.	3,310,000	0.2%		3,890,000
	Hakata Gion M-SQUARE	8,000,000	0.5%		12,700,000
	NBF Kumamoto Bldg.	4,500,000	0.3%		4,310,000
Total		1,467,921,366	100%	100%	1,705,658,000

- (Note 1) "Acquisition Price" represents, in principle, the price for which NBF acquired the property. As for the property to be acquired, the figure represents the sale and purchase price set forth in the relevant sale and purchase contract, etc. at the time of the decision to acquire the said property (excluding miscellaneous acquisition costs, fixed assets tax, etc.).
- (Note 2) Value (Real Estate Appraisal Value)" represents the appraisal value as of the end of 1H/23 (as of June 30, 2023.).
- (Note 3) The "Appraisal Value" of "Nishi-Shinjuku Mitsui Bldg.(Additional Acquisition)" is as of July 31, 2023.
- (Note 4) Panasonic Tokyo Shiodome Bldg. will be disposed as of March 29, 2024.